

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

meeting date: 13 SEPTEMBER 2022

title: COUNTER FRAUD, BRIBERY AND CORRUPTION POLICY STATEMENT
AND STRATEGY

submitted by: DIRECTOR OF RESOURCES

principal author: LAWSON ODDIE

1 PURPOSE

1.1 To seek approval from Committee for the fully reviewed and revised Counter Fraud, Bribery and Corruption Policy Statement and Strategy.

1.2 Relevance to the Council's ambitions and priorities:

- This report contributes to the council's ambition to be a well-managed council providing efficient services based on identified customer needs.

2 BACKGROUND

2.1 The Council currently has an Anti-Fraud and Corruption Policy in place, albeit quite some time since it was last reviewed. The new Counter Fraud, Bribery and Corruption Policy Statement and Strategy sets out the systems and procedures the council has in place to manage the risk of fraud, bribery and corruption and has been fully rewritten when compared to the old policy.

2.2 It is concerned with both operational activity to detect and investigate fraud, bribery and corruption and also proactive deterrence and prevention of fraud, bribery and corruption through the development of a counter fraud, bribery and corruption culture.

2.3 The policy supports a wide range of policies and procedures that aim to counter fraud, bribery and corruption.

3 REVIEW OF THE POLICY

3.1 The existing policy has not been reviewed for some time and has now been fully rewritten. As such the copy of the new policy at Annex 1 has not been able to be prepared with 'tracked changes'.

3.2 Once approved, the policy will be circulated to all staff, and there will be training covering this policy and also the Whistleblowing Policy which is included elsewhere on the agenda.

3.3 It is intended that the document will be reviewed on an annual basis going forward.

4 RISK ASSESSMENT

4.1 The approval of this report may have the following implications

- Resources – There are no resource implications as a result of the approval of this policy other than training costs which would be able to be met from existing budgets. Such training should then also help in protecting the council's resources.

- Technical, Environmental and Legal – The policy includes references to the latest legislation and as such, the future annual reviews will allow us to ensure that the latest legislation is reflected, and that best practice is also observed.
- Political – not applicable
- Reputation – Transparency in our procedures can only enhance the council's reputation.
- Equality and Diversity – in following the steps outlined within the policy it will be ensured that requirements under the Equality Act 2010 are observed.

5 RECOMMENDED THAT COMMITTEE

- 5.1 Approve the new Counter Fraud, Bribery and Corruption Policy Statement and Strategy as set out at Annex 1

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES

PF34-22/LO/AC
19 August 2022



Ribble Valley
Borough Council

www.ribblevalley.gov.uk

COUNTER FRAUD, BRIBERY AND CORRUPTION POLICY STATEMENT AND STRATEGY

SEPTEMBER 2022

Key Officer Contacts for Counter Fraud, Bribery and Corruption Policy Statement

Name	Job Title
Jane Pearson	Director of Resources
Lawson Oddie	Head of Financial Services

COUNTER FRAUD, BRIBERY AND CORRUPTION POLICY STATEMENT

The council is committed to adopting a zero-tolerance approach to fraud, bribery and corruption from both internal and external sources. It is committed to acting professionally, fairly and with integrity and to implementing and enforcing effective systems to counter fraud, bribery and corruption.

The overall objective is to limit the council's exposure to fraud, bribery and corruption, and to minimise financial loss and the potential adverse effects on its reputation in the event of this occurrence by:

- creating a counter fraud culture;
- understanding the fraud risks facing the council;
- implementing measures to deter, prevent and detect fraud;
- promptly and professionally investigating alleged or detected fraud; and
- imposing appropriate sanctions and redress where fraud, bribery or corruption are proven.

All members, employees, suppliers and contractors of the council should ensure the highest standards of stewardship of public funds. The detection, prevention and reporting of fraud, bribery and corruption is the responsibility of all members and employees of the council and also of our suppliers and contractors. The council aims to fight fraud, bribery and corruption by encouraging prevention whilst also promoting detection.

It is important to note that fraud may be committed both from within the council and externally. Fraud may be complex or simple; opportunistic, pre-planned or continuous. Unlike fraud, bribery and corruption usually require the involvement of a council member or employee.

COUNTER FRAUD, BRIBERY AND CORRUPTION STRATEGY

1. INTRODUCTION

- 1.1. This counter fraud, bribery and corruption strategy sets out the systems and procedures the council has in place to manage the risk of fraud, bribery and corruption. It is concerned with both operational activity to detect and investigate fraud, bribery and corruption and also proactive deterrence and prevention of fraud, bribery and corruption through the development of a counter fraud, bribery and corruption culture.
- 1.2. The council has a range of policies and procedures which aim to counter fraud, bribery and corruption. These include:
 - Members' Code of Conduct
 - Code of Conduct for Staff
 - Financial Regulations
 - Contract Procedure Rules
 - Whistleblowing Policy
 - Register of Gifts and Hospitality
 - Protocol for Member/Officer Relations
 - Disciplinary Procedure
 - Recruitment and Selection Procedure
 - Anti-Money Laundering Policy
 - Internet and Email Acceptable Use Policy
 - Register of Interests
 - Complaints Procedure
- 1.3. Although this document specifically refers to fraud, bribery and corruption, it equally applies to any forms of malpractice by individuals that could reduce public confidence in the council and its services and may also include acts committed outside official duties but which impact upon the council's trust in the individual concerned. Examples include:
 - theft of property, including assets and cash;
 - false accounting;
 - obtaining by deception;
 - pecuniary advantage by deception; and
 - computer abuse and computer crime.

Fraud

- 1.4. The Chartered Institute of Public Finance and Accountancy (CIPFA) defines fraud as
"the intentional distortion of financial statements or other records by persons internal or external to the organisation which is carried out to conceal the misappropriation of assets or otherwise for gain."

1.5. The Fraud Act 2006 defines fraud in law in three classes:

- fraud by false representation;
- fraud by failing to disclose information; and
- fraud by abuse of position.

Bribery

1.6. CIPFA defines bribery as

“an inducement or reward offered, promised or provided to gain personal, commercial, regulatory or contractual advantage”.

1.7. The Bribery Act 2010 contains the following four categories of offence and, whilst it was updated in May 2013, these categories of offence remained unchanged:

- offering, promising or giving a bribe to another person;
- requesting, agreeing to receive or accepting a bribe from another person;
- bribing a foreign public official; and
- a corporate offence of failing to prevent bribery.

Corruption

1.8. CIPFA defines corruption as:

"the offering, giving, soliciting or acceptance of an inducement or reward, which may influence the action of any person."

1.9. The Serious Fraud Office provides a number of indicators of corruption, including:

- private meetings with public contractors or companies hoping to tender for contracts;
- making unexpected or illogical decisions accepting projects or contracts;
- abuse of the decision process or delegated powers; and
- agreeing contracts not favourable to the organisation.

2. CREATING AND MAINTAINING A STRONG COUNTER FRAUD CULTURE

2.1. The council aims to foster honesty and integrity, and to uphold the Seven Principles of Public Life developed by the Nolan Committee on Standards in Public Life and set out in Annex 1. High ethical standards are an integral part of good governance. In promoting good governance the council aims to create a counter fraud culture to help deter people from committing fraud and to encourage those who suspect fraudulent activity to report it.

2.2. Elected members are informed of the council's governance standards following their election and as part of their declaration of acceptance of office. Elected members must also sign an undertaking to comply with the Members' Code of Conduct before they act as members and must register their financial and other interests with the Monitoring Officer within 28 days of taking office. It is the duty of individual members to notify the Monitoring Officer of any changes to their original declaration.

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- 2.3. New employees receive induction training covering the Code of Conduct for Staff which details the council's expectations of them. The Code also refers to standards that employees are expected to demonstrate. Any breach of good conduct will be dealt with under the council's disciplinary procedures and may result in dismissal. Additionally, all staff are required to complete a 'Declaration of Interests' form on an annual basis.
- 2.4. Equally, members of the public, clients and external organisations such as suppliers and contractors are expected to act with integrity in any dealings they may have with the council.
- 2.5. Members and officers are positively encouraged and expected to raise any concerns that they may have on these issues where they are associated with the council's activity. The council has a Whistleblowing Policy which is regularly reviewed to ensure it provides a safe environment where concerns can be raised in confidence, and provides guidance on how to do so.
- 2.6. Staff in Financial Services are periodically required to complete e-learning to increase counter fraud awareness and receive regular reminders about their responsibilities and fraud alerts as appropriate.

3. DETERRENCE

- 3.1. The council values its reputation for financial probity and reliability. It recognises that over and above any financial damage suffered, fraud, bribery and corruption may also reflect adversely on its reputation. The council's aim therefore, is to limit its exposure to fraud, bribery and corruption by:
 - developing and maintaining cost effective measures and procedures to deter fraud, bribery and corruption;
 - taking firm and vigorous action against any individual or group perpetrating fraud, bribery or corruption against the council;
 - encouraging members and employees to be vigilant and to report any suspicion of fraud, bribery or corruption, providing them with suitable channels of communication and ensuring sensitive information is treated appropriately;
 - rigorously investigating instances of alleged fraud, bribery or corruption and pursuing perpetrators to seek restitution of any asset fraudulently obtained together with the recovery of costs; and
 - assisting the police and any other appropriate authorities in the investigation and prosecution of those suspected of fraud, bribery or corruption.

4. PREVENTION

- 4.1. Managers and staff throughout the council are responsible for designing, maintaining and operating systems and processes which minimise the opportunity for fraud, bribery and corruption.
- 4.2. The following internal control measures are in place to assist with the prevention of fraud:
 - The Monitoring Officer (Head of Legal and Democratic Services) has a duty to report to the council where it appears to them that any proposal, decision or omission by the council, a committee, a sub-committee or officer has given rise to, (or is likely to give rise to), a contravention of any enactment, rule of law or statutory code of practice.

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- The Section 151 officer (Director of Resources) has a statutory responsibility under the Local Government Act 1972 to ensure the proper administration of the council's financial affairs.
- The Accounts and Audit Regulations 2015, require the council to maintain a sound system of internal control and the council has delegated this responsibility to the Director of Resources.
- Heads of Service ensure that internal controls, including those in a computerised environment are adequately designed and effectively operated.
- The Internal Audit team reviews the adequacy of the council's internal controls including those to prevent fraud, and supports the council's participation in the National Fraud Initiative (a data matching exercise) that identifies indications of potential fraud.

5. DETECTION

5.1. Whilst having regard to the requirements of the Data Protection Act (2018) and the General Data Protection Regulation (GDPR) 2018, the council actively participates in an exchange of information with external agencies on fraud, bribery and corruption activity in relation to public bodies. These include:

- Lancashire Constabulary and other police forces;
- Lancashire Chief Financial Officers' Group;
- The council's external auditor;
- National Anti-Fraud Network;
- The National Fraud Initiative;
- Other local authorities; and
- The Department for Work and Pensions and other government departments.

5.2. It is the responsibility of all the council's management to prevent and detect fraud, corruption and bribery. In addition, Internal Audit and External Audit will liaise closely and implement an annual programme of audits that will test for fraud and corruption. However, despite the best efforts of managers and auditors, many frauds are discovered by chance or "tip off". It is often the alertness of employees and the public that enables detection to occur.

6. INVESTIGATION

6.1. The council's internal control systems are designed to deter fraud, but, such activity may nevertheless occur. The Financial Regulations require that Directors, Heads of Service and other staff immediately notify the internal audit team, on behalf of the Director of Resources upon discovery or suspicion of any financial irregularity, whether affecting cash, stores, property, financial records or otherwise and that the Director of Resources will notify the Chief Executive in all significant cases.

6.2. Reporting of suspected irregularities is essential as it facilitates proper investigation and ensures the consistent treatment of information regarding fraud, bribery and corruption.

6.3. The designated investigating officer will:

- deal promptly with the matter;
- record the evidence found and ensure its security and confidentiality;

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- work closely with senior managers of the service concerned and any other agencies, such as the Police to ensure that all issues are properly investigated and reported upon;
 - ensure that funds are recovered as far as possible for the council;
 - where appropriate arrange for the Council's insurers to be informed and for any necessary claims to be made; and
 - implement disciplinary procedures where appropriate.
- 6.4. Depending on the nature and extent of the allegations the investigating officer will work closely with the corporate management team, legal and human resources teams and external organisations such as the police as necessary to ensure that all allegations are properly investigated.
- 6.5. Senior management are responsible for following up any allegation of fraud, corruption or bribery that they receive and are required to inform the Internal Audit team of all suspected irregularities, irrespective of whether they are ultimately proven. Internal Audit must be informed to ensure that procedures and controls can be re-assessed to ensure further similar irregularities should not arise.
7. APPROPRIATE SANCTIONS AND REDRESS AGAINST FRAUDULENT ACTIONS
- 7.1. The council deals firmly with any financial impropriety, irrespective of whether this is committed by members, officers or external individuals or organisations, and refers such matters to the police for advice and investigation where appropriate. The Crown Prosecution Service (CPS) would determine whether or not a prosecution would be pursued. Referral to the police and any subsequent decision by CPS around prosecution will not prohibit or restrict disciplinary action.
- 7.2. Wherever possible the council seeks to recover all proven financial losses through court action or by invoicing an individual but it is not always possible to recover the full value of the loss. The council will exercise its discretion to seek to recover any money owing as a result of a former employee's grave misconduct, or criminal, negligent or fraudulent acts or omissions from the employee's pension benefits if the employee is a member of the Local Government Pension Scheme.
- 7.3. Where possible, recovery will be sought under Regulation 93 of the Local Government Pension Scheme Regulations 2013 (or the corresponding equivalent regulation in earlier legislation) but, where that is not possible, would take an unreasonable length of time or incur a disproportionate cost, and recovery under Regulation 91 of the Local Government Pension Scheme Regulations 2013 (or the corresponding equivalent regulation in earlier legislation) is possible, then this will be pursued instead.
- 7.4. The council's Human Resources team will provide advice for managers who receive requests for references for employees who are dismissed as a result of a disciplinary investigation or who resign during a disciplinary investigation.

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8. KEEPING MANAGEMENT AND ELECTED MEMBERS INFORMED

- 8.1. At all stages described within this policy, the Council's Corporate Management Team will be kept informed. Other suitable reporting arrangements would be put in place should this present any form of conflict of interests.
- 8.2. Furthermore, regular information would be provided to the Accounts and Audit Committee through their cycle of meetings, again to keep them informed and to assist in the fulfilment of their role in respect of governance arrangements and oversight of such matters.

9. RAISING CONCERNS

- 9.1. Although the Policy specifically refers to fraud, corruption and bribery, it equally applies to all financial malpractice. Fraud and corruption includes a wide range of irregularities and criminal acts that are financial or finance related. It includes for example:
- Theft of property, including assets and cash
 - False accounting
 - Obtaining property by deception
 - Pecuniary advantage by deception
 - Computer abuse and computer crime
 - Bribery and corruption
- 9.2. Officers and Members can be exposed to a number of pressures from contractors, landlords, the public to act in a particular way in a particular case. This may involve pressure to show "favouritism" regarding access to all kinds of services and benefits (e.g. grants, benefits, gaining contracts, planning permission etc).
- 9.3. Members and Officers are an important element in the Council's stance on fraud, corruption and bribery, and they are positively encouraged and expected to raise any concerns that they may have on these issues where they are associated with the Council's activity.
- 9.4. Officers should normally raise concerns through their immediate manager, however it is recognised that they might feel inhibited in certain circumstances. In this case, officers should contact:

Head of Legal and Democratic Services (Monitoring Officer)

Ribble Valley Borough Council, Council Offices, Church Walk, Clitheroe, BB7 2RA

Email: whistleblowing@ribblevalley.gov.uk

Telephone: 01200 425111 (*Please ask for the Head of Legal and Democratic Services*)

THE SEVEN PRINCIPLES OF PUBLIC LIFE

1. Selflessness

Holders of public office should act solely in terms of the public interest.

2. Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

3. Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

4. Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

5. Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

6. Honesty

Holders of public office should be truthful.

7. Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.